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February 21, 2008

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.  
Washington, D.C. 20554

**RE: Establishing Just and Reasonable Rates for Local Exchange  
Carriers, WC Docket No. 05-276**

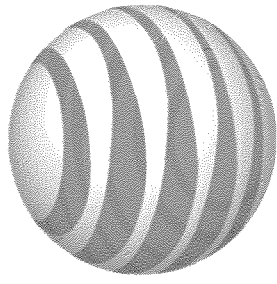
Dear Ms. Dortch:

On behalf of AT&T Services, Inc. Jack Habiak, Safir Rammah, Peter Jacoby and the undersigned met with Randy Clarke, Albert Lewis, Deena Shetler, Doug Slotten, Victoria Goldberg, Lynn Engledow and Jay Atkinson of the Wireline Competition Bureau on February 20, 2008. We explained that the access pumping problem is rapidly moving from ILECs to CLECs and that absent swift Commission action this arbitrage that undermines the policy goals of the access charge regime will continue to expand. All of the matters discussed during the meeting were consistent with AT&T's previous filings in this docket. The attached presentation served as the basis for the discussion.

Sincerely,

/s/ Brian Benison

cc: Randy Clarke  
Albert Lewis  
Deena Shetler  
Doug Slotten  
Victoria Goldberg  
Lynn Engledow  
Jay Atkinson



**at&t**

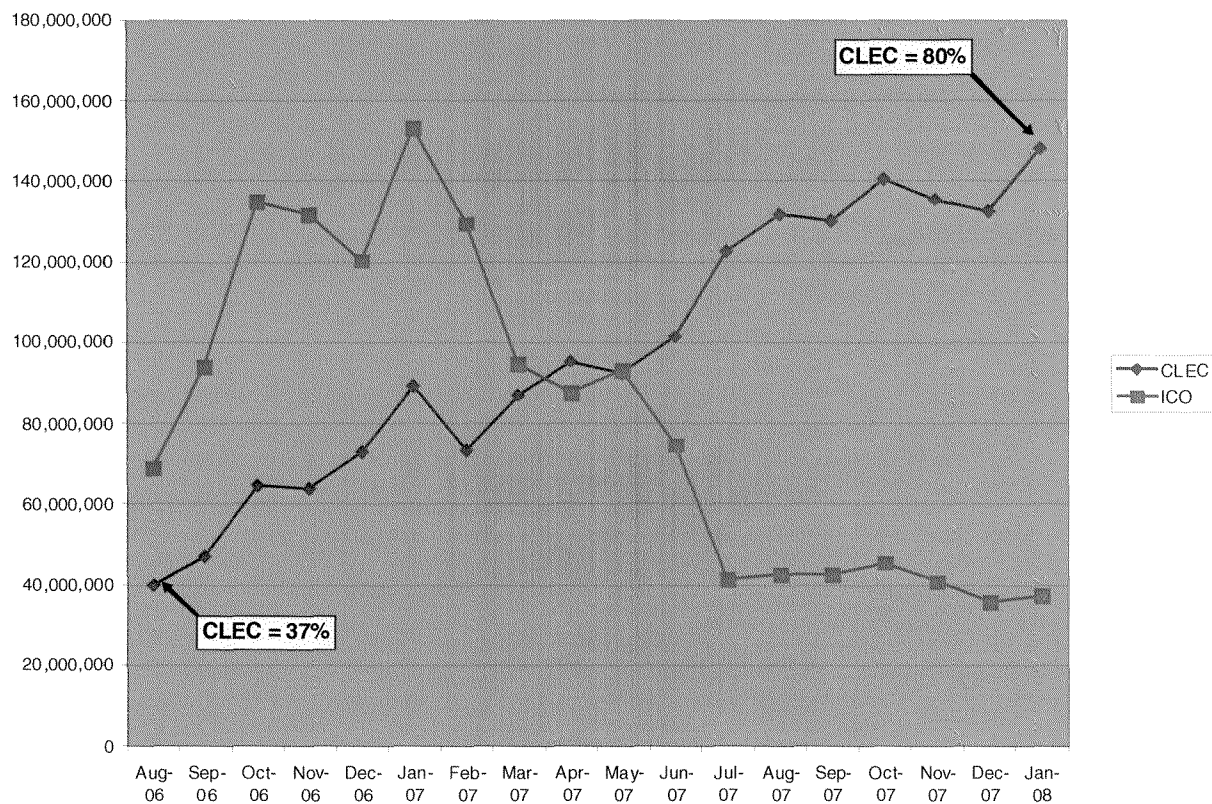
**Access Pumping**

Rural CLEC Growth

# Overview

- Rapid Transition of traffic pumping to CLECs
- Volumes approaching peak before FCC intervention
- Solutions
  - Certifications
  - Triggers
  - Declaratory Rulings

# Access Pumping Moves to the Rural CLECs



AT&T delivered traffic

# Transition to CLECs

## AT&T Interstate MOU to Traffic Pumpers

	Jan-07	Jan-08
Top 24 CLECs	89,385,269	148,209,474
Top 29 ILECs	153,397,679	37,553,803
Total	242,782,948	185,763,277

While last year's tariff intervention by the Commission hindered traffic pumpers, the volumes continue to grow on the CLEC networks.

# INS Request

- AT&T was notified by Iowa Network Services (INS) on 2/14/08 that they expected an additional 50-80 million minutes per month of “conference traffic” through the Kamrar Tandem.
- An average rural LEC\* would have to be serving over 300,000 new access lines to produce this volume of traffic.
- This nearly doubles the volume of traffic on the INS ring.

\* The average volume of terminating minutes for a rural carrier is 215 minutes a month. See Appendix B to AT&T’s Comments



## **Solution: Reporting and Certification**

- The Commission should require ILECs filing under Rules 61.38 and 61.39 and CLECs that seek to benchmark to a rural ILEC rate or to take advantage of the rural exemption:
  - (1) to report their access traffic quarterly (and rural CLECs should also report their access lines);
  - (2) to certify upon the filing of a tariff that they will not enter into any traffic pumping arrangement (as defined below);
  - (3) to include in all tariffs a commitment to revise the tariff and reduce rates in the event traffic exceeds specified thresholds (and to make appropriate refunds to access customers injured before the reduced rates become effective).

# Solution: Refilling Triggers

ILECs:

Category of LEC by  
Annual Minutes  
Trigger

10 million MOUs or less	100 percent
10 million MOUs to 50 million MOUs	75 percent
50 million or more MOUs	50 percent

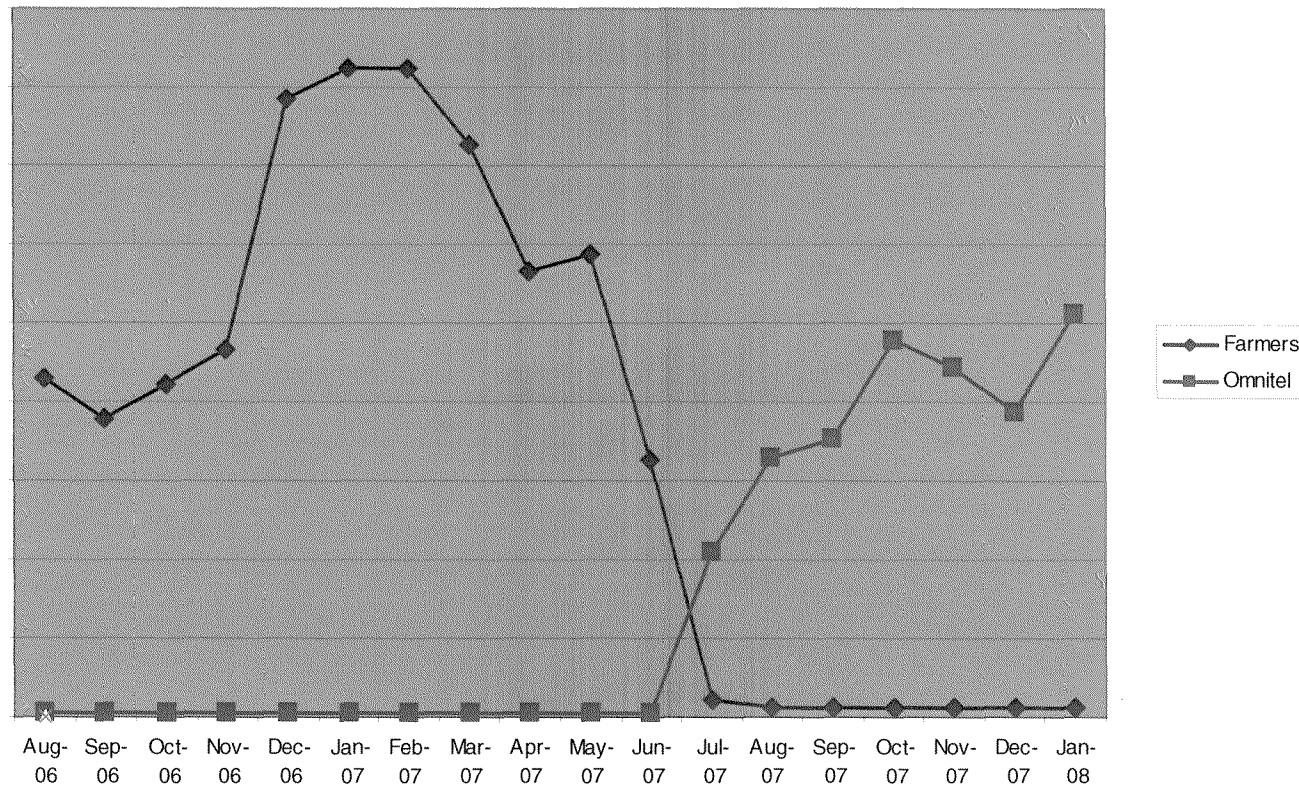
CLECs: Monthly 2,000 access minutes per line



## Solution: Declaratory Rulings

- The Commission should issue declaratory rulings that
  - (1) any LEC revenue sharing arrangement in which the LEC becomes the net payor of the customer is an unreasonable practice under Section 201(b);
  - (2) the practice of manipulating interconnection points to artificially inflate access charges is an unreasonable practice under Section 201(b);
  - (3) no small LEC may opt into the Commission's current price cap rules absent express permission from the Commission.

# Farmers of Riceville and Omnitel



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